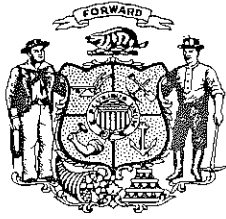


STATE OF WISCONSIN

**SENATE CHAIR
MARK MILLER**

317 East, State Capitol
P.O. Box 7882
Madison, WI 53707-7882
Phone: (608) 266-9170



**ASSEMBLY CHAIR
MARK POCAN**

309 East, State Capitol
P.O. Box 8952
Madison, WI 53708-8952
Phone: (608) 266-8570

JOINT COMMITTEE ON FINANCE

MEMORANDUM

To: Members
Joint Committee on Finance

From: Senator Mark Miller
Representative Mark Pocan

Date: August 27, 2010

Re: DOA Report to JFC

Attached is a report from the Department of Administration, pursuant to s. 18.16(7), Stats.

This report is required under by subsection (7) of 18.16 of the Wisconsin Statutes and specifies the reason for not complying with subsection (2) to (5) of the same section for two specific issues of debt.

This report is being provided for your information only. No action by the Committee is required. Please feel free to contact us if you have any questions.

Attachments

MM:MP:jm



WISCONSIN DEPARTMENT OF
ADMINISTRATION

JIM DOYLE
GOVERNOR

DANIEL J. SCHOOFF
SECRETARY

Office of the Secretary
Post Office Box 7864
Madison, WI 53707-7864
Voice (608) 266-1741
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TTY (608) 267-9629

August 27, 2010

The Honorable Mark Miller, Senate Chair
The Honorable Mark Pocan, Assembly Chair
Joint Committee on Finance
Madison, WI 53702

RECEIVED
AUG 27 2010

BY: J. Finance

Dear Senator Miller, Representative Pocan, and Members:

This report is required by subsection (7) of section 18.16 of the Wisconsin Statutes and specifies the reason for not complying with subsections (2) to (5) of the same section for two specific issues of debt.

The State of Wisconsin Building Commission has previously approved authorizing resolutions on various dates that provided for the sale of \$309,740,000 State of Wisconsin General Obligation Bonds of 2010, Series D (Taxable) (**Bonds**) and placement of \$19,260,000 State of Wisconsin Extendible Municipal Commercial Paper (**Notes**).

Pursuant to this authorization, the Capital Finance Director conducted a public sale on August 18, 2010 for the Bonds. This public sale was conducted pursuant to Subchapter I of Chapter 18. The attached Official Notice of Sale set the terms and conditions of the sale and was available to all potential bidders.

The State received a total of six bids for the Bonds and the Capital Finance Director award the Bonds to Barclays Capital Inc. This award was based on the lowest true interest cost rate to the State. This firm is not certified by the Department of Commerce as a minority-owned firm. Underwriting participation by minority owned firms is encouraged in competitive sales. There is a section "Minority Participation" in the Official Notice of Sale and a list of certified minority owned firms (which includes address, phone number, and contact person) is included in the bidding materials made available to each prospective bidder.

The Notes are not sold to underwriters through a public sale; rather, they are placed and remarketed on a best-efforts basis through dealers that are engaged by the State. Goldman, Sachs & Co. and Merrill Lynch & Co. have been engaged as dealers for the placement and remarketing of the Notes, and the Department of Commerce does not certify either one as being a minority-owned firm.

Sincerely,

Daniel J. Schooff
Secretary

OFFICIAL NOTICE OF SALE^(a)
\$309,740,000
STATE OF WISCONSIN
GENERAL OBLIGATION BONDS OF 2010, SERIES D

ELECTRONIC BIDS will be received by the Capital Finance Director, who is authorized to act on behalf of the State of Wisconsin Building Commission (**Commission**), until 10:30 a.m. (Central Time) on August 18, 2010, for the purchase of \$309,740,000 State of Wisconsin General Obligation Bonds of 2010, Series D (**2010 Series D Bonds**). The 2010 Series D Bonds are being sold pursuant to the terms and conditions stated below. Bids must be submitted through the PARITY[®] electronic bid submission system (**PARITY[®]**), which is an independent service offered by i-Deal LLC. I-Deal LLC is not an agent of the Commission.

Each bid for all the 2010 Series D Bonds must be submitted as either a bid for **Tax-Exempt Bonds** or a bid for **Taxable Bonds**.

Tax-Exempt Bonds. Interest on Tax-Exempt Bonds is excluded from gross income for federal income tax purposes, not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers, and not taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax imposed on certain corporations.

Taxable Bonds. Interest on Taxable Bonds is includible in gross income for federal income tax purposes. The State of Wisconsin (**State**) will elect to treat any Taxable Bonds as "build America bonds" that are "qualified bonds". This will entitle the State to receive from the United States Treasury on each interest payment date a direct payment in the amount of 35% of the interest payable by the State on such date on the Taxable Bonds. Owners of Taxable Bonds will not receive any tax credit or other tax benefits with respect to their ownership of Taxable Bonds.

Terms of Bonds. The 2010 Series D Bonds will be dated their date of delivery (expected to be September 2, 2010) and will be payable as to principal on May 1 of each year, in the years and principal amounts as follows:

Principal	
Year	Amount
2020	\$ 22,710,000
2021	28,295,000
2022	20,985,000
2023	22,035,000
2024	23,135,000
2025	18,865,000
2026	19,810,000
2027	20,800,000
2028	21,840,000
2029	22,930,000
2030	24,075,000
2031	25,280,000
2032	3,100,000
2033	3,255,000
2034	3,415,000
2035	3,585,000
2036	3,765,000
2037	3,955,000
2038	4,155,000
2039	4,360,000
2040	4,580,000
2041	4,810,000

^(a) The Capital Finance Director reserves the right, before the time bids are due, to modify or amend this Official Notice of Sale, including but not limited to changing the sale date and time, aggregate par amount, principal amounts, redemption provisions, and bidding terms. See "Right to Modify or Amend Notice of Sale".

The 2010 Series D Bonds will bear interest, payable on May 1, 2011 and semiannually thereafter on the first day of May and November, at such rate or rates per annum as are designated by the winning bidder. Interest on the 2010 Series D Bonds will be computed on the basis of a 360-day year of twelve 30-day months.

Bidding Terms. Each bid must specify whether the principal amount of 2010 Series D Bonds payable on a particular date will be a payment at maturity of a serial bond or a mandatory sinking fund payment of a term bond. The mandatory sinking fund payments of each term bond shall be on one or more consecutive annual principal payment dates immediately preceding the maturity date of such term bond. Term bonds may be created with a final maturity either before or after May 1, 2021; however, no term bonds designated to mature on and after May 1, 2022 may contain any sinking fund payments before May 1, 2021. The mandatory sinking fund payment (if any) so specified for any year must be equal to the full principal amount of 2010 Series D Bonds listed in the table above as payable in that year. The same interest rate specified for the nominal maturity date of a term bond must also be specified for all mandatory sinking fund payments of such term bond.

A bid must be for all the 2010 Series D Bonds and must be submitted as a bid for Tax-Exempt Bonds or as a bid for Taxable Bonds. Each bid must indicate a purchase price for the 2010 Series D Bonds and an interest rate for each maturity. Only one interest rate per maturity is allowed, and it must be a multiple of 0.05%.

The purchase price for the 2010 Series D Bonds shall be not less than 98.5% of the par amount of the 2010 Series D Bonds (\$305,093,900).

The initial offering price for each maturity of the 2010 Series D Bonds may not be less than 98.5% of the par amount of such 2010 Series D Bonds. If a bid for the 2010 Series D Bonds designates the 2010 Series D Bonds as Taxable Bonds, the issue price for the 2010 Series D Bonds maturing May 1, 2020 may not exceed 102.25, and the issue price for each remaining maturity of the 2010 Series D Bonds may not be greater than 102.50; these amounts reflect the par amount plus 0.25% times the number of complete years from the expected dated date to May 1, 2020 and May 1, 2021, respectively (which are the earlier of the respective maturity date or the first optional redemption date).

Each bid must include the initial reoffering price at which the bidder reasonably expects to sell each maturity of the 2010 Series D Bonds to the general public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers) (**Public**), and the winning bidder must agree that each maturity of the 2010 Series D Bonds will be offered to the Public at such price. In the interest of price transparency in the market, the State encourages the winning bidder to promptly disseminate the initial reoffering prices for all maturities of the 2010 Series D Bonds awarded to it without the use of "NRO".

Optional Redemption. The 2010 Series D Bonds maturing on May 1, 2020 and May 1, 2021 are not subject to redemption prior to maturity. The 2010 Series D Bonds maturing on or after May 1, 2022 may be redeemed on May 1, 2021 or any date thereafter, in whole or in part, in multiples of \$5,000, at a redemption price equal to par (100% of the principal amount to be redeemed), plus accrued interest to the redemption date. The Commission may decide whether to redeem 2010 Series D Bonds, and the Capital Finance Director, on behalf of the Commission, shall direct the amounts and maturities of the 2010 Series D Bonds to be redeemed.

Mandatory Sinking Fund Redemption. In the event the winning bid specifies that certain maturities of the 2010 Series D Bonds will be subject to mandatory redemption prior to their respective stated maturity dates, in part, from mandatory sinking fund payments, the redemption price shall be equal to 100% of the principal amount of the 2010 Series D Bonds so redeemed, plus accrued interest to the redemption date.

Book-Entry-Only Form. The Commission has appointed The Depository Trust Company (DTC) as securities depository for the 2010 Series D Bonds. The 2010 Series D Bonds will initially be issued in book-entry-only form, and bond certificates will be registered in the name of Cede & Co., as nominee for DTC. The State has filed with DTC a blanket issuer letter of representations for all obligations to be issued by the State. Ownership of the 2010 Series D Bonds by the purchasers is shown in the records of brokers and other organizations participating in the DTC book-entry system (**DTC Participants**). Individual purchases will be made in book-entry-only form pursuant to the rules and procedures established between DTC and DTC Participants, in the principal amount of \$5,000 and multiples of \$5,000.

Payments and Notices. The State will make payments when due of the principal of, and interest on, the 2010 Series D Bonds on the dates set forth above to DTC in same-day funds. Similarly, the State will provide notices and other communications, if any, about the 2010 Series D Bonds to DTC. Owners of the 2010 Series D Bonds will receive payments and notices, if any, through the DTC Participants. The State is not responsible for a failure by DTC or any DTC Participant to transfer payments or notices to owners of the 2010 Series D Bonds or to follow the procedures established by DTC for its book-entry system.

Physical Certificates. In the event that the relationship with DTC were terminated and the Commission did not appoint a successor securities depository, the Commission would, at its expense, prepare, authenticate, and deliver to the DTC Participants, fully registered certificated 2010 Series D Bonds in the denominations of \$5,000 and multiples of \$5,000, in the aggregate principal amount of 2010 Series D Bonds and in the same maturities and interest rates then outstanding.

Purpose and Pledge. The proceeds of the 2010 Series D Bonds will be used for various governmental purposes. The 2010 Series D Bonds are authorized by Article VIII of the Wisconsin Constitution and Chapters 18 and 20 of the Wisconsin Statutes, and will be issued pursuant to resolutions adopted by the Commission on October 15, 2003, November 19, 2003, September 16, 2009, and August 11, 2010. The 2010 Series D Bonds will be direct and general obligations of the State. The full faith, credit, and taxing power of the State will be irrevocably pledged to the payment of the principal of, and interest on, the 2010 Series D Bonds, and there will be irrevocably appropriated, as a first charge upon all revenues of the State, a sum sufficient for the payment of the principal of, and interest on, the 2010 Series D Bonds.

Offering of Securities. The State offers to sell these securities by competitive bid. In the jurisdictions of Georgia, Illinois, Louisiana, Nebraska, New York, North Dakota, and Texas, offers of these securities are being made only to, and bids will be accepted only from, persons that are dealers, brokers, savings institutions, trust companies, insurance companies, investment companies as defined in the Investment Company Act of 1940, pension or profit sharing trusts, and other financial institutions, where the purchaser is acting for itself or in a fiduciary capacity.

No Bond Insurance. It is a condition to the award of the 2010 Series D Bonds that no bond insurance be used in connection with the primary market offering of the 2010 Series D Bonds. The successful bidder must certify, before the 2010 Series D Bonds are delivered, that no bond insurance policy has been obtained on its behalf or on behalf of an account or selling group that it formed with respect to the primary market offering of the 2010 Series D Bonds. This requirement does not prohibit insuring the 2010 Series D Bonds in secondary market transactions or with portfolio insurance.

Electronic Bidding. Each bidder is responsible for making any arrangements and paying any fees needed to submit its bid through PARITY®. The Commission has not reviewed, and is not responsible for, any information provided by PARITY® concerning the 2010 Series D Bonds or the terms of sale; the Preliminary Official Statement dated August 11, 2010 (**Preliminary Official Statement**) is the only document authorized to provide information about the 2010 Series D Bonds, and this Official Notice of Sale (as it may be amended and restated) is the only document authorized to provide information about the terms of sale. The Commission assumes no responsibility or liability based on a bidder's submission of its bid, including (but not limited to) any failure by PARITY® to correctly and timely transmit information contained in the bid. Further information about PARITY® may be obtained from:

i-Deal LLC
1359 Broadway, FLR 2
New York, NY 10018
212.849.5021
parity@i-Deal.com
www.newissuehome.i-deal.com

The Commission understands that PARITY® will make arrangements for each bidder to submit its bid for the 2010 Series D Bonds as either a bid for Tax-Exempt Bonds or as a bid for Taxable Bonds.

The Capital Finance Director intends to share directly with i-Deal LLC all announcements contemplated within this Official Notice of Sale with the expectation that any modifications and supplements to this Official Notice of Sale (as it may be amended and restated) will be reflected in PARITY® prior to the time bids are to be received.

Binding Contract. Each bid for the 2010 Series D Bonds submitted through PARITY® shall constitute a valid offer that, if accepted by the Commission, will form a binding contract. Each bid for the 2010 Series D Bonds shall specify a purchase price, whether the principal amount payable on a particular date will be a payment at maturity of a serial bond or a mandatory sinking fund installment of a term bond, and the interest rate for each maturity.

Minority Participation. It is the policy of the Commission to endeavor to ensure that at least 6% of the 2010 Series D Bonds are underwritten by firms that are certified by the State as being minority owned. The Commission urges each prospective bidder to obtain from the Capital Finance Director a list of firms so certified and to include such firms as participants in the account formed to bid on the 2010 Series D Bonds and as members of any selling group formed for the account. The Commission further encourages certified minority-owned firms to submit bids directly and to form accounts to bid on the 2010 Series D Bonds. Any minority-owned firm that is not yet certified by the State and wishes to be may contact the Wisconsin Department of Commerce, Bureau of Minority Business Development at 608.267.9550 or COMMBD@commerce.state.wi.us.

Each bidder agrees to provide a list of all firms that are participating with the bidder in the underwriting of the 2010 Series D Bonds and the amount of each firm's participation (measured by the participation amounts in the account formed to bid on the 2010 Series D Bonds). If a request is made before the award of the 2010 Series D Bonds, then a bidder must immediately provide this information. Otherwise, the winning bidder must provide this information to the Capital Finance Director no later than the close of business on August 19, 2010.

Award. The 2010 Series D Bonds will be awarded at the lowest true-interest-cost rate to the State. The true-interest-cost rate for each bid will be determined on the basis of present value by doubling the semiannual interest rate, compounded semiannually, necessary to discount the debt service payments to the expected dated date, and to the price bid. *For bids submitted as Taxable Bonds, the true-interest-cost rate to the State will be determined after subtracting 35% of each interest payment (reflecting the State's election that the 2010 Series D Bonds will be treated as qualified build America bonds and the tax credit that the State will receive).*

In the event two or more bids for the 2010 Series D Bonds result in the same lowest true-interest-cost rate, the award will be made to the one with the largest participation by certified minority-owned firms (measured by the participation amounts in the account formed to bid on the 2010 Series D Bonds). In the event two or more of those bids have an equal amount of participation by certified minority-owned firms, the award will be made to the bid that includes the greatest number of certified minority-owned firms in its selling group. In the event two or more of those bids include the same number of certified minority-owned firms in its selling group, the award will be made by the Capital Finance Director by lot.

All bids shall remain firm for five hours after the time bids are due, and within this five-hour period the Capital Finance Director will provide an oral notification of the acceptance of the winning bid (to be subsequently confirmed in writing) or will reject all bids. The Capital Finance Director may waive any informality or irregularity in any bid or condition of this Official Notice of Sale (as it may be further amended and restated) or reject any or all bids.

Bid Deposit. As a condition to the award, the winning bidder, upon acceptance of its bid by the Commission, must provide a good-faith deposit, in the amount of \$6,195,000, by wire transfer not later than 1:30 p.m. (Central Time) on August 19, 2010 using instructions provided by the Capital Finance Office. The timely provision of the good-faith deposit shall be a contractual obligation of the winning bidder.

Good-Faith Deposit. No interest will be allowed on the amount of the good-faith deposit. The proceeds of the good-faith deposit of the winning bidder will be applied to the purchase price of the 2010 Series D Bonds. In the event that the winning bidder should fail to take up and pay for the 2010 Series D Bonds in compliance with the terms of its bid, the Commission, at its option, may retain the good-faith deposit as liquidated damages or, at its further option, may retain the good-faith deposit as partial payment of actual damages or as security for any other remedy available to the Commission. The Commission shall return to the winning bidder the amount of the good-faith deposit on the failure of the Commission to perform in accordance with the terms of this Official Notice of Sale (as it may be amended and restated) and the bid.

Certification of Price. Before the delivery of the 2010 Series D Bonds, the winning bidder must provide such information as bond counsel may require to determine, for federal income tax purposes, the "issue price" of each maturity of the 2010 Series D Bonds, including a certification concerning whether a bona fide public offering of

each maturity was made and a certification of the reasonably expected public offering price of each maturity together with such additional representations as bond counsel may require to verify that it is reasonable to rely on the winning bidder's certification about the reasonably expected initial public offering price. These may include additional representations about the fair market value of each maturity of the 2010 Series D Bonds and representations about the actual prices at which each maturity is first sold to the Public. For each maturity for which a bona fide public offering was not made, the winning bidder must provide to the Capital Finance Director and bond counsel the prices at which all the 2010 Series D Bonds of the maturity are sold.

Right to Modify or Amend Notice of Sale. The Capital Finance Director reserves the right, before the time bids are to be received, to modify or amend this Official Notice of Sale, including but not limited to changing the sale date and time, aggregate par amount, principal amounts, redemption provisions, and bidding terms. If any modifications or amendments occur, supplemental information with respect to the 2010 Series D Bonds and this Official Notice of Sale will be announced through *Thomson Municipal News*, offered as part of the *Thomson Municipal Market Monitor (TM3)* (www.tm3.com), not later than 8:00 a.m. (Central Time) on August 18, 2010. If any prospective bidder does not have access to this service, then the prospective bidder is urged to immediately request telephone notification by contacting the Capital Finance Office at (608) 267-0374 or DOACapitalFinanceOffice@wisconsin.gov. An amendment or restatement of this Official Notice of Sale may be provided as part of the announcement.

Right to Postpone Sale. The Capital Finance Director reserves the right to postpone the date established for the receipt of bids. Any postponement of the sale will be announced through *Thomson Municipal News*, offered as part of TM3 (www.tm3.com), not later than 9:00 a.m. (Central Time) on August 18, 2010. If any prospective bidder does not have access to this service, then the prospective bidder is urged to immediately request telephone notification by contacting the Capital Finance Office at (608) 267-0374 or DOACapitalFinanceOffice@wisconsin.gov. In the event of a postponement, the Capital Finance Director will announce the new date and time that bids for purchase of the 2010 Series D Bonds will be opened, along with any revised bidding terms and date of expected delivery, through *Thomson Municipal News*, offered as part of TM3 (www.tm3.com), no less than 20 hours before the time bids are due for the 2010 Series D Bonds.

Closing and Delivery. The closing will occur by telephone at or about 9:30 a.m. (Eastern Time), on or about September 2, 2010. By the day before closing, the State will deliver the 2010 Series D Bonds to DTC. The winning bidder must make payment for the 2010 Series D Bonds by wire in immediately available funds for credit at U.S. Bank National Association by the same date and time. In the event the closing is delayed beyond 45 days from the date of sale for any reason beyond the control of the State except failure of performance by the winning bidder, the State may cancel the award, or the winning bidder may demand return of its good-faith deposit and thereafter its interest in, and liability for, the 2010 Series D Bonds will cease.

Bond Opinion. The legality of the 2010 Series D Bonds will be approved by Foley & Lardner LLP (**Bond Counsel**), whose unqualified approving opinion, in the form shown in the Preliminary Official Statement, will be furnished to the winning bidder without cost upon the delivery of the 2010 Series D Bonds.

Closing Papers. There will also be furnished upon the delivery of the 2010 Series D Bonds the usual closing papers, including a letter stating that there is no litigation pending or threatened in writing, known to the Attorney General, restraining or enjoining the issuance, sale, execution, or delivery of the 2010 Series D Bonds or in any way contesting or affecting the validity of or security for the 2010 Series D Bonds. The closing papers will also include a certificate to the effect that the Official Statement, as of its date and as of the date of delivery of the 2010 Series D Bonds, does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

Tax Matters. In the opinion of Bond Counsel, if the 2010 Series D Bonds are designated by the winning bidder and issued as Tax-Exempt Bonds, interest on the 2010 Series D Bonds will be excluded from gross income for federal income tax purposes, will not be a specific item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers, and will not be taken into account in determining the adjusted current earnings for purposes of computing the alternative minimum tax imposed on certain corporations. For purposes of Section 265(b)(7) of the Internal Revenue Code of 1986, as amended, any Tax-Exempt Bonds will be obligations issued in 2010 that are not refunding bonds. If the 2010 Series D Bonds are designated by the winning bidder as Taxable Bonds, interest on the 2010 Series D Bonds is includible in gross income for federal income tax purposes.

Interest on the 2010 Series D Bonds (whether designated and issued as Tax-Exempt Bonds or Taxable Bonds) is not exempt from current State of Wisconsin income or franchise taxes.

Continuing Disclosure. In order to assist bidders in complying with Section (b)(5) of Rule 15c2-12 under the Securities Exchange Act of 1934, the State will enter into a continuing disclosure undertaking. The undertaking will consist of existing documents—a Master Agreement on Continuing Disclosure (Amended and Restated July 1, 2009) and an Addendum Describing Annual Report for General Obligations—along with a Supplemental Agreement. The Supplemental Agreement will specify that these documents apply to the 2010 Series D Bonds. All those documents are available to prospective bidders and will be included in the closing papers.

CUSIP Numbers. The 2010 Series D Bonds will contain CUSIP numbers, but any error or omission with respect to the CUSIP numbers shall not constitute cause for refusal by the winning bidder to accept delivery of, and pay for, the 2010 Series D Bonds in accordance with the terms of its bid.

Bidding Documents. The Preliminary Official Statement, which is available electronically at the web site shown below, is subject to revision, amendment, and completion in a final Official Statement. The Preliminary Official Statement, which is in a form that the State deems final as of August 11, 2010, except for the omission of information described in Rule 15c2-12(b)(1) under the Securities Exchange Act of 1934, is subject to revision, amendment, and completion in a final Official Statement. The Preliminary Official Statement and continuing disclosure undertaking are available electronically from the Capital Finance Office web site at the following address:

www.doa.wi.gov/capitalfinance

Paper copies of these documents may be obtained by contacting the Capital Finance Office by telephone at (608) 267-0374 or (608) 267-0374, by e-mail at DOACapitalFinanceOffice@wisconsin.gov, or by mail at the Department of Administration, Administration Building, 101 East Wilson Street 10th Floor, Madison, Wisconsin 53703.

Official Statements. The Commission will, within seven business days after award of the 2010 Series D Bonds and without cost, furnish to the winning bidder up to 500 copies of the final Official Statement. The winning bidder may request, within two business days after award of the 2010 Series D Bonds, additional copies of the final Official Statement from the Commission, which request shall not be unreasonably withheld or denied. The Commission will also furnish to the winning bidder an electronic copy of the final Official Statement, which will be in Adobe (PDF) format. Until the date the closing occurs, the State may amend or supplement the Official Statement (and without cost, furnish the winning bidder copies of any such amendment or supplement) if it is necessary to do so to make the Official Statement not misleading in light of the circumstances then existing.

Dated: August 11, 2010

Frank R. Hoadley
Capital Finance Director